

17 MAY 1950

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GENERAL

1. Italian concern over Western views on Trieste--US Ambassador Dunn in Rome has learned that Premier De Gasperi has instructed Foreign Minister Sforza it is "politically imperative" to bring back from London Allied reassurances regarding Italy's vital interests in the Free Territory of Trieste. De Gasperi is particularly anxious that Italy obtain: (a) Allied cooperation in persuading the Yugoslavs to free traffic between the two zones of the Territory; (b) Allied assistance in re-establishing minimum human rights in the Yugoslav Zone, especially freedom of religion; and (c) Yugoslav administration of its Zone in a manner not prejudicial to the eventual implementation of the 20 March 1948 tripartite declaration (which favors restoration of all Trieste to Italy). According to a high official of the Italian Foreign Office, both British Foreign Secretary Bevin and French Foreign Minister Schuman have given Sforza assurances that they stand behind the 20 March declaration.

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FAR EAST

2. CHINA: Nationalist evacuation of Chou Shan Islands--US Charge Strong in Taipei comments, concerning the Chinese Nationalist withdrawal from the Chou Shan Islands, that although there may be sound military reasons for the move, the abandonment of the islands will have an adverse psychological effect on civilians and military personnel on Taiwan and will have adverse political effects abroad. In Strong's opinion, the evacuation will reduce the life of Chiang Kai-shek's regime, even though one of Chiang's motives may have been to gain time. Strong has informed US Embassy

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Manila that he estimates the removal of US personnel from Taiwan will be necessary at an earlier date than previously contemplated.

(CIA Comment: CIA does not believe that the mere concentration of Nationalist forces on Taiwan, following the withdrawal from the Chou Shans, will materially increase the Chinese Government's defensive capabilities. CIA further believes that the relaxation of the Nationalist blockade of East China ports, as a consequence of abandonment of the Chou Shan bases, will materially benefit the Chinese Communist economy.)

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